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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2002 to 30 June 2003 and proposed budget for the period from 1 July 2004 to 30 June 2005 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2002/03	$38,991,800
Expenditure for 2002/03	$38,975,700
Appropriation for 2003/04	$40,009,200
Proposal submitted by the Secretary-General for 2004/05	$40,902,100
Recommendation of the Advisory Committee for 2004/05	$40,715,700

I. Introduction

1. **The recommendations of the Advisory Committee on Administrative and Budgetary Questions in paragraphs 16 and 19 below would entail a reduction of $186,400 to the proposed budget for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2004 to 30 June 2005 (see A/58/662). The Committee also makes a number of observations and recommendations with regard to the administration and management of the Force and opportunities for further savings.**

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2. **The Advisory Committee's general report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/58/759) contains its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to UNDOF.**

3. The documents used by the Advisory Committee in its consideration of the financing of UNDOF are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2002 to 30 June 2003

4. On the recommendation of the Advisory Committee, the General Assembly, by its resolution 56/294 of 27 June 2002, appropriated to the Special Account for UNDOF the amount of $40,760,200 for the period from 1 July 2002 to 30 June 2003, inclusive of $38,991,800 gross for the maintenance of the Force, $1,579,200 for the support account and $189,200 for the United Nations Logistics Base at Brindisi, Italy. The total amount of the appropriation has been assessed on Member States.

5. Expenditures for the period totalled $38,975,700 gross ($37,969,300 net), which is $16,100 lower than the appropriation of $38,991,800 (see A/58/641, sect. III.A).

6. The unutilized balance was attributable primarily to a revised rations contract, a favourable exchange rate of the Syrian pound to the United States dollar and lower requirements for the acquisition of vehicles, petrol, oil and lubricants. The unspent balance was offset in part by additional requirements attributable to: (i) higher staff assessment costs and common staff costs than budgeted; (ii) an increase in national staff salaries and entitlements effective July 2002; (iii) unforeseen travel necessitated by the security situation in the region; and (iv) higher than anticipated consumption of electricity and water for the ongoing construction projects.

7. The Advisory Committee notes from section III.B of the performance report that a total of $1,875,000 is indicated for other income and adjustments for the period, comprising $1,190,000 in interest income, $240,000 for other miscellaneous income and $454,000 in savings on or cancellation of prior-period obligations, offset by a reduction of $9,000 for prior-period adjustments. **The Committee requests that future performance reports include an explanation of prior-period adjustments.**

8. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period 1 July 2004 to 30 June 2005, in section IV below.

III. Information on performance for the current period

9. The Advisory Committee was informed that, as at 29 February 2004, a total of $1,389,105,851 had been assessed on Member States in respect of UNDOF since its inception. Payments received as at the same date amounted to $1,362,038,991,

leaving an outstanding balance of $20,255,869. As at 1 March 2004, the cash position of the mission was $21,100,000 and unliquidated obligations for the period from 1 July 2002 to 30 June 2003 amounted to $2,488,761.

10. The Advisory Committee was informed that troop cost reimbursement up to 31 October 2003 totalled $182,476,068, while the amount owed for the period from 1 November 2003 to 29 February 2004 was $4,714,963. With regard to contingent-owned equipment, the Committee was informed that, as at 29 February 2004, $1,335,800 had been reimbursed and the estimated amount owed was $2,457,300, while unliquidated obligations for the period up to 30 June 2004 totalled $1,303,000. In respect of death and disability compensation, $5,245,500 had been paid as at 29 February 2004 for 149 claims, no claims were pending and unliquidated obligations amounted to $1,255,000.

11. The Advisory Committee was informed that, as at 29 February 2004, the incumbency for UNDOF for the period from 1 July 2003 to 30 June 2004 was as follows:

	Posts authorized	*Posts encumbered*	*Vacancy/delayed deployment rate (percentage)*
Military contingents	1 037	1 038	0
International staff	40	37	7.5
National staff	92	92	0

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2003 to 30 June 2004 as at 29 February 2004 (see annex). Expenditure for the period amounted to $29,915,900 gross ($29,164,300 net) against an apportionment of $40,009,200 gross ($39,027,100 net).

IV. Proposed budget for the period from 1 July 2004 to 30 June 2005

A. Mandate and planned results

13. **The Advisory Committee commends the mission for the progress it has made in formulating its budget document (A/58/662) using results-based techniques. However, the indicator of achievement for expected accomplishment 1.1 should, in the view of the Committee, be made measurable to allow an objective analysis of progress in implementation of the achievement.** The Committee also notes that the results-based budgeting framework for UNDOF does not contain a substantive civilian component in the performance report or the proposed budget for the Force.

14. The Advisory Committee was provided, upon enquiry, with information on the humanitarian aspects of the mission's activities. As indicated therein, UNDOF cooperates with the United Nations Children's Fund, the International Committee of the Red Cross and other entities and agencies active in the region on a number of issues, such as sharing of information on demining activity and facilitating the passage of people; UNDOF medical staff also provides emergency care to the local

population who need such help. **Taking this information into account, the Committee points out that the programme of work of UNDOF reflected in its proposed budget should encompass all mandated activities authorized by the Security Council.**

B. Resource requirements

1. Military and police personnel

Category	*Approved 2003/04*	*Proposed 2004/05*
Military contingents	1 037	1 037

15. A reduction in resource requirements of $168,900, or 0.9 per cent, from the apportionment for the current period, is proposed for military and police personnel for 2004/05. The reduction reflects mainly a decrease in the unit price for rations, taking into account the actual expenditure of the last four years, as opposed to the standard costs of $7 a day per person. The Advisory Committee was informed, upon enquiry, that the decrease in the unit price for rations did not have an adverse impact on the quality of rations.

2. Civilian personnel

Category	*Approved 2003/04*	*Proposed 2004/05*
International staff	40	41

Recommendations on posts

16. *One new P-3 post, Security Officer, Office of the Force Commander (A/58/662, para. 7).* The Advisory Committee notes that, currently, the functions of a security officer at UNDOF are being carried out by a military observer of the United Nations Truce Supervision Organization (UNTSO) assigned to UNDOF as Security Coordinator for United Nations agencies in the Syrian Arab Republic. This military observer was loaned to UNDOF on a temporary basis as initially agreed between the Chief of Staff of UNTSO and the Force Commander of UNDOF, on the understanding that this arrangement would last only until such time as budgetary provision could be made to provide a civilian replacement. The Committee was informed, upon enquiry, that considering the most recent security developments in the United Nations missions, it was essential that a fully qualified civilian expert be assigned to UNDOF as a security officer. **The Advisory Committee is of the view that the proposal for the establishment of a P-3 post of Security Officer in UNDOF should be considered in the context of an overall review of security requirements of United Nations peacekeeping operations. Therefore, the Committee does not recommend the establishment, at this stage, of the P-3 post.**

17. *Reclassification from P-5 to D-1, Chief Administrative Officer (A/58/662, para. 8).* The Advisory Committee recalls that in the context of its review of the budget proposal for the period 2003/04, it had recommended against the upgrading

of the P-5 post of Chief Administrative Officer. The General Assembly, in paragraph 11 of its resolution 57/324, requested the Secretary-General to resubmit with full justification his request concerning the proposed upgrade of the Chief Administrative Officer in connection with the budget proposal for the period from 1 July 2004 to 30 June 2005. The Committee observes, in this connection, that the proposal for the reclassification has been resubmitted with the following two new elements of justification: (i) in line with the three-year modernization programme, UNDOF is actively pursuing greater integration of military and civilian support functions to facilitate the enhancement of substantive support to the mission, which will involve greater responsibility on the part of the Chief Administrative Officer; and (ii) a greater delegation of authority from Headquarters has increased the responsibilities of the Chief Administrative Officer. **On this basis, the Committee recommends acceptance of the proposed reclassification.**

18. *Three Local-level posts (two in the Communications Section for an information technology technician and a rigger and one in the General Services Section for a receiving and inspection/field expendable supply system clerk) (A/58/662, para. 9).* The Advisory Committee recalls that the General Assembly, in paragraph 10 of its resolution 57/324, authorized these three posts for a period not to exceed one year and invited the Secretary-General to resubmit with full justification the request for these posts in connection with the budget proposal for the period from 1 July 2004 to 30 June 2005. The Committee points out that the modernization of the data network infrastructure, as well as the implementation of the Galileo system in peacekeeping operations, are ongoing projects of UNDOF which should bring about efficiency gains and allow better opportunities for moving resources to the areas where they are needed most. The Committee is of the view that the need for additional staffing resources for information technology and assets control would be more clearly known when the infrastructure modernization and the implementation of Galileo are completed. **The Committee does not object to the continuation of these three Local-level posts for the 2004/05 period. However, the need for these posts for the period beyond June 2005 should be justified in the next budget submission for UNDOF. The Committee intends to revisit the matter in the light of the developments in the infrastructure modernization programme and in the implementation of the Galileo projects.**

19. *Conversion of 14 casual labour positions outsourced to an individual contractor into 14 national posts in the areas of general services, procurement and engineering (A/58/662, para. 10).* The Advisory Committee was informed that the proposed conversion would result in an increase of $251,100 under national staff, to be partially offset by a decrease of $112,600 under maintenance services. The Committee was also informed, upon enquiry, that the functional breakdown of the 14 posts is as follows: 1 data processing assistant (FACS-Galileo); 1 maintenance technician; 1 registry and archive support; 2 electricians; 1 senior electrician; 1 generator mechanic; 2 construction technicians (mason); 1 carpenter; 1 draftsperson; 1 construction technician (painter); 1 plumber; and 1 water-sewage technician. As indicated in paragraph 10 of the budget document, "an overall survey by the Department of Peacekeeping Operations revealed that these posts concern core functions on a continuous basis, for which the current contract is not appropriate". **The Advisory Committee is not convinced that sufficient justification for the proposed conversion has been provided in the budget submission or orally during the deliberations. The Committee is of the opinion that efforts should be**

made by the administration of UNDOF to find suitable outsourcing arrangements, taking into account the comments on this matter in its general report on peacekeeping operations (see A/58/759). The Committee does not recommend the proposed conversion and intends to revisit the issue next year.

Other observations and recommendations

20. The performance report includes an overrun of $31,100 that was incurred in connection with overtime payments to national staff who drive shuttle buses of the mission. The Advisory Committee recalls, in this connection, its previous observation on the issue that **"to minimize expenses, if feasible, other alternatives should be considered, such as requesting staff to assemble at convenient centralized locations for pickup and dropoff"** (A/57/772/Add.7, para. 20). The Committee notes that part V of the proposed budget does not contain information on action taken in response to its observation. **While the Committee was provided, upon request, with additional information on the matter, it is not satisfied with the administration's response. Therefore, the Committee reiterates its recommendation that alternative solutions to door-to-door pickups should be found.**

21. The Advisory Committee exchanged views with the representatives of the Secretary-General on the conversion of the contractual status of staff in peacekeeping missions from the 300 series of the Staff Rules to the 100 series. As regards UNDOF, the Committee was informed that the cost implications for the conversion of contractual status of staff members from the 300 to the 100 series of the Staff Rules in the period 2004/05 were not included in the budget estimates for 2004/05 for the mission. The comments of the Committee on this issue are contained in its general report on peacekeeping operations.

3. **Operational costs**

Apportioned 2003/04	*Proposed 2004/05*
$13 743 400	$12 743 300

22. The estimated operational requirements for the period from 1 July 2004 to 30 June 2005 represent a decrease of $1,000,100, or 7.3 per cent, from the apportionment for the current period. The decrease is due mainly to: (i) reduced requirements for the acquisition of information technology equipment, since most of the worn or obsolete equipment will be replaced during the current financial period; (ii) reduced requirements under facilities and infrastructure, since most of the construction work in the context of the modernization programme will be completed in the 2003/04 period; and (iii) reduced requirements under other supplies, services and equipment, as most of the air conditioners for buildings constructed under the modernization programme will be purchased in 2003/04.

Official travel

23. The estimate for official travel for 2004/05, as shown in section II.1 of the proposed budget, amounts to $300,700, an increase of $5,400, from the amount of $295,300 apportioned for the 2003/04 period. The total of $300,700 reflects a provision of $89,300 for training-related travel. The Advisory Committee notes

from the supplementary information provided to it that the estimated total of $211,400 for official (non-training) travel would be required for within-mission travel ($46,300), travel of UNDOF personnel to Headquarters and other locations ($81,700) and travel of Headquarters staff to the mission ($83,400). **Additional information on the travel programme provided to the Committee was vague, unsubstantiated and did not provide clear justification for the proposed travel.**

24. Moreover, the Advisory Committee notes from the performance report on the 2002/03 period that, as was the case in the 2001/02 period, a significant cost overrun ($49,200) has been realized under official travel, reflecting an increase of 24.1 per cent, as compared with the budgeted provision of $204,400. The Committee recalls that actual travel expenditures for the 2001/02 period amounted to $103,900, an increase of $36,900, or 55.1 per cent, from the apportionment of $67,000. The Committee points out that the actual travel expenditures of UNDOF just for the two previous financial periods have more than doubled: from $103,900 for the 2001/02 period to $253,600 for the 2002/03 period. **The Committee is concerned about such a sharp increase in unbudgeted travel costs and trusts that necessary measures will be taken by the administration of UNDOF and the Department of Peacekeeping Operations to better control travel expenditures of the mission.**

25. The Advisory Committee also notes from the additional information provided on the performance report that some training-related travel was included in the list of non-training related travel. Moreover, the Committee notes that one trip was undertaken by an UNDOF staff member to New York to attend the evaluation of proposals for a new dry and frozen rations contract for UNDOF and one trip was undertaken to New York to attend the technical evaluation of 4x4 requests for proposals. **The Advisory Committee questions the need for undertaking this kind of travel, since expertise in the technical evaluation of the issues in question should exist within the Department of Peacekeeping Operations at Headquarters. Moreover, the Committee trusts that the impartiality of the bidding process and the evaluation of bidding proposals was fully respected, in spite of the participation of UNDOF representatives in the evaluation exercise.**

26. **Although not recommending a reduction in travel at this time, bearing in mind its comments in the paragraphs above, the Committee expects to see significant savings in the performance report.**

Ground transportation

27. The estimate for ground transportation for the period ending 30 June 2005 amounts to $2,986,500, an increase of 10 per cent, or $270,700, from the apportionment for the current period. The variance, as explained in paragraph 16 of the proposed budget, is due mainly to the application of the standard vehicle replacement policy, whereby 13 per cent of a total fleet of 471 vehicles need replacement, taking into account the age, mileage and general condition of the vehicles.

28. The Committee also notes that additional requirements are proposed under: (i) acquisition of vehicle workshop equipment ($55,500, or a 133.7 per cent increase) for the purchase of CarLog units for 88 trucks, including 28 Nyala armoured personnel carriers; and (ii) repairs and maintenance ($12,000, or a 9.4 per cent increase) owing to the higher cost of maintenance of the Nyala armoured personnel carriers.

29. The performance report for the 2002/03 period reflects savings of $423,200 under ground transportation owing mainly to the receipt of 60 vehicles, including 28 Nyala armoured personnel carriers from downsizing missions. The Advisory Committee notes from the supplementary information provided to it that additional requirements for spare parts for the 28 Nyala armoured personnel carriers amounted to $639,300 for the 2002/03 financial period. **In the light of the high maintenance cost of Nyala armoured personnel carriers, the Committee questions the cost-effectiveness of the transfer of 28 such vehicles to UNDOF and their continued use by the mission.** The Committee was informed, upon enquiry, that UNDOF headquarters, through a committee chaired by the UNDOF Chief of Staff, is presently reviewing the entire matter of armoured personnel carriers in the mission to reconfirm the requirement for these vehicles. The review also includes an examination of the costs of maintenance of armoured personnel carriers in UNDOF, with emphasis on the costs to date for the Nyala heavy patrol vehicle. The outcome of the study will be the basis for a comprehensive UNDOF proposal to be submitted to Headquarters by 31 March 2004.

Bank charges

30. The Committee notes that additional requirements of $1,400 are requested for bank charges, which represent an increase of 11.1 per cent from the apportionment of $12,600 for the current period. The estimates are based on the actual expenditures during the 2002/03 financial period. The Committee requested clarification about such a sharp increase in bank charges and was informed that during the 2002/03 financial period, UNDOF changed its practice of using checks to using wire transfers for vendor payments, which incurred additional bank charges. The new practice was undertaken to facilitate the timeliness and safety of payments being made to vendors in various countries.

V. Conclusions of the Advisory Committee

31. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period from 1 July 2002 to 30 June 2003 is indicated in paragraph 16 of the performance report (A/58/641). **The Advisory Committee recommends that the unencumbered balance of $16,100, as well as other income/adjustments in the amount of $1,875,000, be credited to Member States in a manner to be determined by the General Assembly.**

32. The action to be taken by the General Assembly in connection with the financing of UNDOF for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 20 of the proposed budget (A/58/662). **In view of its comments above, the Advisory Committee recommends that the estimated budget requirements for UNDOF be reduced from $40,902,100 to $40,715,700.**

Documentation

- Report of the Secretary-General: performance report on the budget of UNDOF for the period from 1 July 2002 to 30 June 2003 (A/58/641)
- Report of the Secretary-General on the proposed budget for UNDOF for the period from 1 July 2004 to 30 June 2005 (A/58/662)
- Progress report of the Secretary-General on UNDOF for the period from 19 June to 9 December 2003 (S/2003/1148)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financing of UNDOF (A/57/772/Add.7)
- General Assembly resolutions 56/294 and 57/324 on the financing of UNDOF
- Security Council resolution 1488 (2003)

Annex

Actual expenditure of the United Nations Disengagement Observer Force for the period from 1 July 2003 to 30 June 2004

As at 29 February 2004

(Thousands of United States dollars)

Category	*Apportionment*	*Expenditure*
Military and police personnel		
Military observers	—	—
Military contingents	19 495.7	18 414.4
Civilian police	—	—
Formed police units	—	—
Subtotal	**19 495.7**	**18 414.4**
Civilian personnel		
International staff	5 014.3	3 767.4
National staff	1 755.8	1 141.6
United Nations Volunteers	—	—
Subtotal	**6 770.1**	**4 909.0**
Operational costs		
General temporary assistance	40.0	32.9
Government-provided personnel	—	—
Civilian electoral observers	—	—
Consultants	—	—
Official travel	295.3	113.4
Facilities and infrastructure	5 945.1	3 442.0
Ground transportation	2 715.8	1 050.9
Air transportation	—	—
Naval transportation	—	—
Communications	1 873.8	621.0
Information technology	1 581.4	596.6
Medical	305.3	168.0
Special equipment	155.7	144.5
Other supplies, services and equipment	831.0	423.2
Quick-impact projects	—	—
Subtotal	**13 743.4**	**6 592.5**
Gross requirements	**40 009.2**	**29 915.9**
Staff assessment income	982.1	751.6
Net requirements	**39 027.1**	**29 164.3**
Voluntary contributions in kind (budgeted)	—	—
Total requirements	**40 009.2**	**29 915.9**